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**VIA ELECTRONIC FILING**

Jocelyn G. Boyd, Esquire  
Chief Clerk & Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

RE: Application of Blue Granite Water Company for Approval to Adjust Rate  
Schedules and Increase Rates – Docket No. 2019-290-WS

Dear Ms. Boyd:

On March 30, 2020, Blue Granite Water Company (the “Company” or “Blue Granite”) filed rate schedules to reflect the adjustments ordered in the Public Service Commission of South Carolina (“Commission”) March 25, 2020 Directive. ORS has reviewed the Company’s rate schedules and the Commission’s Directive and submits these comments in accordance with the Directive.

ORS verified the Company’s filed rate schedules reflect the instructions contained in the Commission’s Directive. ORS compared the impact of the Company’s rate schedules on a typical residential customer using 6,000 gallons per month. *See Attachment A – Residential Comparison.*

In reviewing the Commission’s reconciliation provided to the parties on March 27, 2020, ORS determined that further clarification on three (3) adjustments discussed in the Commission’s Directive would be helpful. These three (3) adjustments may impact the revenue requirement and the rate schedules.

First, the Directive characterizes \$3,178,824 of Purchased Water and Sewer as a deferral and appears to correspond to ORS Adjustment 8. However, ORS Adjustment 8 consists only partly of a deferred amount. ORS’s Adjustment contained two (2) components. ORS’s Adjustment 8a was the amortization for 1/3 of the deferral balance for increases in third-party purchased water and sewer treatment services incurred by the Company since its last rate case. Adjustment 8b was an adjustment to incorporate current rates charged by third-party water and sewer treatment providers.

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Second, the reconciliation the Commission provided the parties appears to remove additional rent expenses beyond the rent expense associated with the Greenville office. In the reconciliation ORS provided as exhibit 1 to its proposed order, ORS included an accounting and pro forma adjustment to rent expense of \$84,839. The reconciliation the Commission provided to the parties changed this adjustment to zero. However, as discussed in ORS witness Sullivan's direct testimony on page 13, ORS's adjustment had multiple components. The Greenville office component was \$73,665, which was \$84,685 in annual rent for the Greenville office minus \$11,019 to account for two employees whose duties only are partially applicable to Blue Granite. (*See* Tr. pp. 1115.13, 1201.12.) The remainder of ORS's adjustment was comprised of other rent expense for the Company, including a Rock Hill Office and Warehouse, Anderson Office, and Blue Granite's allocation of storage and office space from Water Services Corporation. If the Commission's intent is to deny recovery solely of the Greenville office rent expense, the accounting and pro forma adjustment on the reconciliation should be \$11,174 instead of zero (\$84,839 - \$73,665).

Third, the Directive contained an adjustment to remove the Legal Expenses related to the Annual Rate Adjustment Mechanism ("ARAM") from Docket No. 2018-358-WS and the Pumping Interceptor Tank in Docket No. 2018-361-WS. The reconciliation provided by the Commission does not include the \$16,132 of legal expenses amortized over three years related to the ARAM and Pumping Interceptor dockets discussed by ORS witness Sullivan in his revised surrebuttal testimony. (*See* Tr. 1116.2.)

ORS thanks the Commission for its consideration of these comments.

Sincerely,

*s/ Alex Knowles*

Alexander W. Knowles

cc: All Parties of Record (via e-mail)  
David Butler, Esquire (via e-mail)